

*Surveillance system.* A system of video cameras, monitors, recorders, video printers, switches, selectors, and other equipment used for surveillance.

*SICS (System of Internal Control Standards).* An overall operational framework for a gaming operation that incorporates principles of independence and segregation of function, and is comprised of written policies, procedures, and standard practices based on overarching regulatory standards specifically designed to create a system of checks and balances to safeguard the integrity of a gaming operation and protect its assets from unauthorized access, misappropriation, forgery, theft, or fraud.

*Tier A.* Gaming operations with annual gross gaming revenues of more than \$3 million but not more than \$8 million.

*Tier B.* Gaming operations with annual gross gaming revenues of more than \$8 million but not more than \$15 million.

*Tier C.* Gaming operations with annual gross gaming revenues of more than \$15 million.

*TGRA.* Tribal gaming regulatory authority, which is the entity authorized by tribal law to regulate gaming conducted pursuant to the Indian Gaming Regulatory Act.

*TICS.* Tribal Internal Control Standards established by the TGRA that are at least as stringent as the standards set forth in this part.

*Vault.* A secure area where cash and cash equivalents are stored.

*Voucher.* A financial instrument of fixed wagering value, usually paper, that can be used only to acquire an equivalent value of cashable credits or cash through interaction with a voucher system.

*Voucher system.* A system that securely maintains records of vouchers and coupons; validates payment of vouchers; records successful or failed payments of vouchers and coupons; and controls the purging of expired vouchers and coupons.

#### § 543.3 How do tribal governments comply with this part?

(a) *Minimum standards.* These are minimum standards and a TGRA may establish and implement additional

controls that do not conflict with those set out in this part.

(b) *TICS.* TGRAs must ensure that TICS are established and implemented that provide a level of control that equals or exceeds the applicable standards set forth in this part.

(1) *Evaluation of existing TICS.* Each TGRA must, in accordance with the tribal gaming ordinance, determine whether and to what extent their TICS require revision to ensure compliance with this part.

(2) *Compliance date.* All changes necessary to ensure compliance with this part must be promulgated within twelve months of the effective date of this part and implemented at the commencement of the next fiscal year. At the discretion of the TGRA, gaming operations may have an additional six months to come into compliance with the TICS.

(c) *SICS.* Each gaming operation must develop a SICS, as approved by the TGRA, to implement the TICS.

(1) *Existing gaming operations.* All gaming operations that are operating on or before the effective date of this part, must comply with this part within the time requirements established in paragraph (b) of this section. In the interim, such operations must continue to comply with existing TICS.

(2) *New gaming operations.* All gaming operations that commence operations after the effective date of this part must comply with this part before commencement of operations.

(d) *Variances.* Where referenced throughout this part, the gaming operation must set a reasonable threshold, approved by the TGRA, for when a variance must be reviewed to determine the cause, and the results of the review must be documented and maintained.

(e) *Computer applications.* For any computer applications utilized, alternate documentation and/or procedures that provide at least the level of control established by the standards of this part, as approved in writing by the TGRA, will be acceptable.

(f) *Determination of tier.*

(1) The determination of tier level will be made based upon the annual gross gaming revenues indicated within

the gaming operation's audited financial statements.

(2) Gaming operations moving from one tier to another will have nine months from the date of the independent certified public accountant's audit report to achieve compliance with the requirements of the new tier. The TGRA may extend the deadline by an additional six months if written notice is provided to the Commission no later than two weeks before the expiration of the nine month period.

(g) *Submission to Commission.* Tribal regulations promulgated pursuant to this part are not required to be submitted to the Commission pursuant to § 522.3(b) of this chapter.

(h) *Enforcement of Commission MICS.*

(1) Each TGRA is required to establish and implement TICS pursuant to paragraph (b) of this section. Each gaming operation is then required, pursuant to paragraph (c) of this section, to develop a SICS that implements the TICS. Failure to comply with this subsection may subject the tribal operator of the gaming operation, or the management contractor, to penalties under 25 U.S.C. 2713.

(2) Enforcement action by the Commission will not be initiated under this part without first informing the tribe and TGRA of deficiencies in the TICS or absence of SICS for its gaming operation and allowing a reasonable period of time to address such deficiencies. Such prior notice and opportunity for corrective action are not required where the threat to the integrity of the gaming operation is immediate and severe.

#### **§ 543.4 Does this part apply to small and charitable gaming operations?**

(a) *Small gaming operations.* This part does not apply to small gaming operations provided that:

(1) The TGRA permits the operation to be exempt from this part;

(2) The annual gross gaming revenue of the operation does not exceed \$3 million; and

(3) The TGRA develops, and the operation complies with, alternate procedures that:

(i) Protect the integrity of games offered;

(ii) Safeguard the assets used in connection with the operation; and

(iii) Create, prepare and maintain records in accordance with Generally Accepted Accounting Principles.

(b) *Charitable gaming operations.* This part does not apply to charitable gaming operations provided that:

(1) All proceeds are for the benefit of a charitable organization;

(2) The TGRA permits the charitable organization to be exempt from this part;

(3) The charitable gaming operation is operated wholly by the charitable organization's agents;

(4) The annual gross gaming revenue of the charitable operation does not exceed \$3 million; and

(5) The TGRA develops, and the charitable gaming operation complies with, alternate procedures that:

(i) Protect the integrity of the games offered;

(ii) Safeguard the assets used in connection with the gaming operation; and

(iii) Create, prepare and maintain records in accordance with Generally Accepted Accounting Principles.

(c) *Independent operators.* Nothing in this section exempts gaming operations conducted by independent operators for the benefit of a charitable organization.

#### **§ 543.5 How does a gaming operation apply to use an alternate minimum standard from those set forth in this part?**

(a) *TGRA approval.*

(1) A TGRA may approve an alternate standard from those required by this part if it has determined that the alternate standard will achieve a level of security and integrity sufficient to accomplish the purpose of the standard it is to replace. A gaming operation may implement an alternate standard upon TGRA approval subject to the Chair's decision pursuant to paragraph (b) of this section.

(2) For each enumerated standard for which the TGRA approves an alternate standard, it must submit to the Chair within 30 days a detailed report, which must include the following: